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C O N F I D E N T I A L SECTION 01 OF 02 HONG KONG 001303

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SUBJECT: CONSUL GENERAL'S FAREWELL CALL ON FORMER HONG KONG CHIEF SECRETARY ANSON CHAN

Classified By: Consul General Joe Donovan for reasons 1.4 (b) and (d).

¶11. (C) Summary: During the Consul General's farewell call on former Hong Kong Chief Secretary Anson Chan on July 15, Chan said ethnic and religious conflicts in China are "likely to worsen," and Beijing must rethink its positions on China's religious and ethnic minorities. She said PRC officials increasingly focus on Taiwan-related issues (at the expense of attention paid to Hong Kong), while the Hong Kong government (HKG) has become less assertive about its autonomy under the one country, two systems framework. Chan said Hong Kong's business community opposes constitutional reforms that could reduce the functional constituencies' representation in the Legislative Council. Business leaders are "out of touch" with local residents' perception that HKG officials routinely collude with big business at voters' expense, according to Chan. She will visit the United States in late September, with public speaking engagements in Washington, New York and San Francisco. End summary.

Background

¶12. (U) As part of a series of farewell meetings with senior HKG officials, the Consul General met on July 15 with former Hong Kong Chief Secretary Anson Chan. From 1993-2001, Chan was the first woman and the first ethnic Chinese individual to hold the second highest governmental position in Hong Kong. Following a single term as an elected member of LegCo, Chan formed the Citizens' Commission on Constitutional Development (CCCD) in 2008, a group examining constitutional reform in Hong Kong. She is chairman of the CCCD's steering committee.

Minority Groups in China

¶13. (C) While discussing the recent violence in Urumqi, Chan said the PRC must rethink its priorities and positions with regard to the country's minority ethnic groups. Chan stated that most government officials in Urumqi are Han Chinese that "don't have much sympathy" for religious or ethnic minority groups. She cautioned that ethnic tensions in China are driven by minority groups' increasing sense of religious and cultural oppression. "Such conflicts in China are likely to worsen and precipitate more crackdowns," she said.

Chan's Opinions on Hong Kong/China Issues

¶14. (C) The CG asked Chan's opinion about the status of Hong Kong's relationship with Beijing under the one country, two systems approach. Chan said "certain central government factions" increasingly ignore Hong Kong's views, partly due to China's renewed focus on boosting political and economic ties with Taiwan. Exacerbating the situation, Hong Kong's leaders emphasize the Special Administrative Region's unique

autonomy status less and less and "let Beijing walk all over them," she said.

¶15. (C) Chan recently reached out to Hong Kong business leaders to ascertain their views regarding constitutional reforms involving the functional constituencies in Hong Kong's Legislative Council (LegCo). Describing those discussions as "depressing," Chan said the business community is "out of touch" with a growing sense of injustice among Kong residents, related to perceived government "collusion with big business." She noted that local business leaders cite three primary reasons for opposing reforms involving their functional constituency seats in LegCo: 1) possible decline in political influence; 2) necessity to counterbalance populist LegCo members; and 3) uncertainty regarding Beijing's stance on the issue. The CG noted, and Chan agreed, that Beijing may be content to wait out the constitutional reform process, if Hong Kong appears to lack consensus on the way forward.

¶16. (C) Chan welcomed a July 14 Court of First Instance decision granting a plaintiff's request for a judicial review of a LegCo select committee's powers to summon the plaintiff and demand documents from him. Chan said such select committees have sometimes behaved as "cowboy outfits." She recalled her negative experience in 1998, when she was called before a LegCo committee regarding operating difficulties at Hong Kong's newly opened international airport. Chan said, "I'd rather be called into a courtroom, where behavior is more regulated."

September Visit to United States

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¶17. (SBU) Chan described her planned late September visit to Washington, New York and San Francisco. She said her contacts at the Heritage Foundation will arrange speaking engagements for her, to include the U.S. Council on Foreign Relations in Washington and the Commonwealth Club in San Francisco. The CG said he looked forward to meeting Chan in Washington, schedules permitting. (Note: End note.).

¶18. (C) In concluding remarks, the CG said the USG views the PRC's treatment of Hong Kong as one indicator of China's internal political direction and development. Chan agreed and encouraged the USG to occasionally remind Beijing that we care about Beijing's handling of Hong Kong-related issues. Regardless of what the PRC leadership says publicly, Beijing cares about what other countries - and especially the United States - say about them, she said.

DONOVAN